

# Fiscal Note

State of Alaska  
2021 Legislative Session

Bill Version:	CSSB 53(FIN)
Fiscal Note Number:	5
(S) Publish Date:	9/14/2021

Identifier: SB53-PF-PFD-9-13-21  
 Title: PERM FUND; ADVISORY VOTE  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: (S)FIN

Department: Permanent Fund  
 Appropriation: Permanent Fund Dividends  
 Allocation: Permanent Fund Dividend Fund  
 OMB Component Number: 2616

### Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2022	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2022 Request	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
<b>OPERATING EXPENDITURES</b>	<b>FY 2022</b>	<b>FY 2022</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous				744,200.0	813,500.0	884,300.0	1,989,600.0	2,102,600.0
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>744,200.0</b>	<b>813,500.0</b>	<b>884,300.0</b>	<b>1,989,600.0</b>	<b>2,102,600.0</b>	<b>2,102,600.0</b>

### Fund Source (Operating Only)

1041 PF ERA (UGF)			744,200.0	813,500.0	884,300.0	1,989,600.0	2,102,600.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>744,200.0</b>	<b>813,500.0</b>	<b>884,300.0</b>	<b>1,989,600.0</b>	<b>2,102,600.0</b>

### Positions

Full-time							
Part-time							
Temporary							

### Change in Revenues

None							
<b>Total</b>	<b>0.0</b>						

**Estimated SUPPLEMENTAL (FY2021) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2022) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)*

### ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
 If yes, by what date are the regulations to be adopted, amended or repealed? N/A

### Why this fiscal note differs from previous version/comments:

Updated for the Senate Finance Committee CS that adds transitional 'stair step' PFD amounts before enacting the 50-50 POMV split PFD formula contingent on \$700m new revenue.

Prepared By: Caroline Schultz, Policy Analyst  
 Division: Office of Management and Budget  
 Approved By: Neil Steininger, Director  
 Agency: Office of Management and Budget

Phone: (907)465-4698  
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 SFC 09/14/2021

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2021 LEGISLATIVE SESSION

Analysis

This legislation changes the amount calculated for the appropriation for the payment of permanent fund dividends to 50 percent of the 5.0% percent of market value (POMV) draw from the permanent fund earnings reserve account (ERA) effective for fiscal year 2026 contingent on enactment of measures projected to generate \$700 million in new annually occurring unrestricted general fund revenue. This bill directs the Commissioner of the Department of Revenue and the Director of the Legislative Finance Direction to certify and notify the revisor of statutes before December 15th, 2024, that these revenue measures, when compared to annual revenue generated from the statutes as they read on June 30, 2021 have been passed by the legislature and enacted into law. Providing the conditional requirement is met, effective July 1, 2025, this legislation directs the legislature to appropriate 50 percent of the statutory POMV draw to the general fund and 50 percent to the dividend fund for the payment of permanent fund dividends (PFDs).

This legislation provides for permanent fund dividend amounts during the transition period as follows: \$1,100 in fiscal year 2022, \$1,100 in fiscal year 2023, \$1,200 in fiscal year 2024, and \$1,300 in fiscal year 2025. If the conditional requirement is not satisfied, the legislation provides for a calculation for permanent fund dividends in fiscal year 2026 and beyond equal to \$1,300 adjusted for inflation.

The values on page one of this fiscal note for fiscal years 2023 through 2027 are for informational purposes and presume the conditional requirement is satisfied. The fiscal year 2022 permanent fund dividend will be appropriated in a separate vehicle and is not included on page one of the fiscal note. There is no fiscal impact to the operations of executive branch agencies resulting from this legislation.

The permanent fund dividend in fiscal years 2026 and beyond is indeterminate given the conditional requirement. For informational purposes, the table below shows estimated dividends per recipient for fiscal years 2022 through 2027 under both scenarios. Out-year estimates are subject to significant variation based on future market returns and whether additional appropriations are made from the ERA.

		SB53 Summary						
		millions (FY)	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
5% POMV Draw			\$3,069.3	\$3,361.0	\$3,599.0	\$3,805.0	\$3,979.2	\$4,205.2
Conditional requirement satisfied	Appropriation (millions)		730.5	744.2	813.5	884.3	1,989.6	2,102.6
	PFD per recipient (dollars)		\$1,100	\$1,100	\$1,200	\$1,300	\$2,977	\$3,108
Conditional requirement not satisfied	Appropriation (millions)		730.5	755.2	818.7	889.5	915.7	947.5
	PFD per recipient (dollars)		\$1,100	\$1,100	\$1,200	\$1,300	\$1,330	\$1,360